

Rhode Island Housing Resources Commission
Minutes of September 23, 2011
Quarterly Meeting



Commissioners & Designees:

Cola, Jeanne – Chair

Bodington, Susan
Botts, Christine
Deluca, William
Flynn, Kevin
Hannifan, Chris
Hazen-Aaronson, Roberta
Kiesel, Marilyn
Kravitz, Tom

Lovegrove, Angela, Representing Evora, Michael
McGunagle, Joanne
Raymond, Joseph
Reed, James
Ryczek, Jim
Sekeres, Bonnie
Taylor, Catherine
Valliere, Albert
Vanderslice, Bob, Representing Novias, Ana

Staff:

Frumerie, Caitlin
House, June
Kimes, Charles
Kue, Simon

Neirinckx, Ray
Tondra, Michael
Vittorioso, Dawn

Guests

Boisseau, Dorothy
Dennehy, Peter
DeClercq, Wendi
Gorbea, Nellie

Hirsch, Eric
Kalill, Barbara
Ventura, Carol

1. **Call to Order**

The meeting was called to order by Jeanne Cola, Chair at 8:30 a.m.

2. **Approval of June 24, 2011 Minutes** - for vote

Jim Reed moved acceptance of the minutes as submitted and Joanne McGunagle seconded. Minutes approved.

3. **Report of the Chair/Director**

Jeanne introduced Mike Tondra who then discussed the following items:

State's Strategic Housing Plan: The State's five-year Strategic Housing Plan expired this past year; therefore, a full rewrite of the plan is necessary. Cost for the original plan was in excess of \$190K; the State has included this project (approximately \$200K) in its Sustainable Communities application, which will be submitted within the next couple of weeks. While funding is competitive, the State has "preferred sustainability status" which increases our application's chance of being favorably considered.

Housing Funding: Funding reductions, for both federal and State, available for affordable housing development poses important challenges for us in the upcoming years.

Community Development Block Grant (CDBG): The CDBG program was cut approximately 16% this past year. Funding decisions have been announced, and many projects that were jointly funded by HRC/BHRI are underway.

Community Development Block Grant Disaster Recovery (CDBG-DR): The first round of funded projects is underway. An additional Request for Proposal (RFP) will be issued for uncommitted funds.

Consolidated Homeless Fund: The State announced funding decisions made under the Consolidated Homeless Fund. The Funding Committee developed recommendations for evaluating the program's effectiveness. Staff held contracting meetings with recipients outlining the expected program outcomes/performance measures. Mike explained that we will continue to wait on potential supplemental Emergency Shelter Grants (ESG) allocation from HUD, which would support continuation of Homeless Prevention Rapid Re-Housing Program (HPRP) activities in the State. HPRP existing programs are expiring and are expected to complete over the next several months.

Lead – Mike explained that the Lead Mitigation Rules and Regulations have been revised. He then noted that Peter Dennehy, DOA Legal Council, provided a 22 step process to ensure compliance regulations are followed. He noted that a public hearing was conducted, comments were collected and all the other

additional steps were followed. As all of the steps were completed, the final step is for the Housing Resource Commission to authorize the Office of Housing and Community Development to submit the final regulation to the Secretary of State.

Next, Mike explained that a second revision to Lead Regulations is being conducted by the Department of Health (DOH); these regulations relate to training classes. The goal is to coordinate training classes to be conducted together. Mike asked Bob Vanderslice to discuss the process. Bob explained that the Rhode Island is ahead on establishing licensure certifications for lead professionals; including inspectors. He then explained that each time EPA establishes new requirements, additional training is necessary, and the number of training hours becomes overwhelming. Therefore, DOH is attempting to establish one training program that will combine EPA and HRC requirements to a condensed time. Additionally, an online system will be created, which will allow participants the ability to register online. Mike took the time to commend DOH for their efforts.

Homelessness: Mike said that the Interagency Council on Homelessness and Affordable Housing will hold their first meeting on September 26th @ 2:00 p.m. at the RI Department of Unemployment and Training facility. All of the State's Director's will be in attendance to discuss the issues at hand.

In addition, Mike said that State has recently seen a surge in numbers at its homeless shelters. Agencies began meeting to strategize how to react to the increased demand. He then said that Susan Bodington, Chair of the Emergency Shelter Task Force, will provide an update on the preliminary discussions that have occurred.

Jim Ryczek asked if a decision has been made on the Interagency and Advisory Councils as to whom will be appointed. Mike said that decisions have not yet been made. However, recommendations have been submitted and they will be appointed by the Governor.

Budget/Performance Measures: Mike said that Tom Mullaney, from DOA's Budget office asked the OHCD to review and update budget narrative/budget information. He then added that there are no significant changes to the overall budget through FY 2012 at this time.

As there were no questions or comments, Jeanne moved onto the next agenda item and introduced Simon Kue.

4. Lead Regulations – for vote

Simon explained that the changes made within the document are underlined and the deleted content will have a strike through. He then noted that the changes made are primarily within RULE 6C, which begin on page 11 of the Governing Lead Hazard Mitigation Rules and Regulations manual. The proposed language

changes are consistent with what EDA has adopted. He then recommended the Commissioners to adopt the Rules and Regulations.

Jeanne asked if anyone had any questions. Joseph Raymond referred to Rule 6D on Page 16 and asked for clarification regarding exemptions. Joseph asked if a single-family home was rented, would the single family home dwellings comply with the regulations. In response, Simon said as long as the home is rented and the owner is not residing on the property, the owner is required to comply with lead regulations.

Jim Reed asked if the new mandates would make it difficult for property owners to comply with the regulations or could the mandates create a hardship situation and make it difficult for rental occupancy. Simon said that the goal is to provide guidance and clarification for property owners; which will ensure the property is up to code.

There being no further questions, Jeanne Cola asked for a motion to adopt the Draft Lead Regulation revisions. Bob Vanderslice moved approval and Joseph Raymond seconded the motion. There was no further discussion and the motion passed unanimously.

5. Amendments/Adjustments Process – for vote

Mike explained, with the exception of the front page, the majority of the content has been reviewed and was previously approved by the HRC. He then said that he thought it would be helpful to have the contents all together and then reviewed the following:

The State will use the following general policies related to funds distributed through the Commission.

1) Adjustments

“Adjustments” are defined as changes which do not significantly alter the scope of the project, as stipulated in HRC resolution approved to fund the project.

Proposal will be reviewed by the HRC staff, in consultation with Rhode Island Housing staff. Financial Feasibility and qualifications of Developer and/or Contractor will be considered.

HRC Executive Director and Chair are authorized to approve/deny
“Adjustment” requests.

Examples – A change in the specific line items supported with funds, a change in developer partners (subject to staff review – if primary developer is altered, the Amendment process may be triggered), reductions in funding.

2) Amendments

“Amendments” are defined as proposals which significantly alter the scope of the project.

Proposal will be reviewed by the HRC staff, in consultation with Rhode Island Housing staff. Financial Feasibility and qualifications of Developer and/or Contractor will be considered.

“Amendments” will require approval of the Housing Resources Commission. HRC Executive Director and Chair will present staff recommendation to the HRC Board at the next scheduled quarterly meeting for consideration and/or approval. If a decision is time sensitive, staff may poll HRC Board members electronically. At the discretion of the HRC Executive Director and Chair, the HRC “Distribution Committee” may be reconvened to review the proposed project modification.

Examples – A significant decrease in the number of units to be developed and an increase in the funding allocated to a project.

3) New Requests

If additional funds become available (through de-obligation, recapture or otherwise), the HRC will generally follow the “distribution Committee Process” outlined below.

New proposals must be solicited through an open and fair competitive process. The RFP may be general or project specific in nature, as determined by the HRC staff.

4) Neighborhood Opportunity Program (NOP), Escrow Distribution Process

The Neighborhood Opportunities Program included funds that were placed in escrow to enable developers to operate their units for the 10 years required by NOP. This escrow account has generated interest income. Since initial underwriting, many projects have experienced sharp increases in the cost of utilities and other project expenses. Also, projected rental income has not always been achieved.

Therefore, the Housing Resources Commission (HRC) is establishing the following policy in order to ensure fair and equitable distribution of interest earned from escrow accounts.

- All funded developers are to budget their escrow funds for ten years
- Rhode Island Housing staff monitors all escrow draw downs

- Rhode Island Housing will calculate what has been paid out in operating and what will be required for the ten years
- When shortfalls are identified, agencies will be advised on approaches to minimize operating deficits in future years
- When it is advisable to cover a shortfall using interest from escrow accounts, Rhode Island Housing will make a recommendation in writing to the HRC
- The HRC will determine if the funds should be allocated by a vote at the next meeting following the request
- NOP Operating Projection Methodology:
 - In order to calculate NOP operating projections and possible future deficits, the following procedures are utilized:
 - Worksheets are developed depicting two scenarios, carried through year 10 of the compliance period
 - Trending the average annual NOP subsidy from initial lease-up
 - Trending the annual NOP subsidy disbursed the prior year
 - In addition – for Loan Servicing projects
 - Annual operating deficits are calculated using the difference between minimum NOP rents and operating costs

Recommendations are made based upon:

- The trending worksheets
- An analysis of operating budgets, including other sources committed to the project (such as SHP, S&C, RoadHOME, etc.)
- A committee review consisting of staff from Development and Loan Servicing

5) Building Homes Rhode Island, Distribution Committee Process

- As funds become available, a Request for Proposals (RFP) for BHRI and the Neighborhood Opportunities Program (NOP) is circulated
- The HRC Chair annually appoints a chair and a Distribution Committee representing appropriate stakeholders
- The Distribution Committee's responsibility is to make recommendations to the Commission
- The HRC's Office of Community Development and Technical Assistance staffs the committee; sending out RFPs, overseeing the application process, and convening meetings
- Rhode Island Housing staff handles underwriting and prepared recommendations, summary sheets and presentation materials
- Prior to the Distribution Committee meeting, HRC staff and the chair of the BHRI committee meet with Rhode Island Housing to review the proposals that will be discussed at the meeting
- Rhode Island Housing and the HRC will provide summary sheets electronically to the distribution committee prior to the disbursement meeting

- The Distribution Committee will meet, will discuss proposals, and will make recommendations for funding to the Commission according to the following guidelines:
 1. The Committee shall choose whether to vote on the entire package of recommendations or on each individual application.
 2. The Committee shall determine whether to award all funds or a portion of the funds. All funds must be distributed within the fiscal year in which they are budgeted.
 3. In addition to the proposals recommended by the Committee, the Committee will rank an alternate(s) should any of the funded proposals not go forward.
- Each RFP round is a separate process and neither applications nor positions as alternates are carried over into the next round.
- Special meetings will be at the call of the Chair of the HRC.

Jeanne thanked Mike and asked the Commission if anyone had any questions or comments for Mike. Jim Reed referred to the Amendments section and asked who the HRC Distribution Committee was. Jeanne said the Distribution Committee is a subset of the HRC along with other community partners. She then explained that the Committee will meet to discuss applications and will make recommendations to the HRC for formal approval. Mike also added that section 5 discusses the role of the HRC Distribution Committee. Within the same section, Jim referred to “At the discretion of the HRC Executive Director and Chair, the HRC “Distribution Committee” may be reconvened to review the proposed project modifications.” Jim suggested modifying the language making it more flexible for electronic communications. He then said that rather than get “everyone” together, allowing the flexibility of electronic communications may receive a quicker turnaround time. Peter Dennehy responded that the notice requirements for open meetings are very strict and there are specific provisions for telephonic notice. He then suggested reviewing and editing the bylaws. Jim noted that he would like to move things along rather than wait.

Lastly, Susan Bodington suggested the language be more flexible when defining adjustments.

In closing, the Commission decided to make edits to the document and suspend the vote. Kevin Flynn motioned to table the vote until the next meeting. Susan Bodington seconded the motion. There were no further comments and the motion passed unanimously.

6. **Discussion Items**

Reductions in Housing Funds

The final portion of the \$50M Housing Bond was obligated to projects earlier this year. Therefore, \$12.5M a year that we disbursed over the past four years is no longer available going forward.

The Neighborhood Opportunities Program (NOP), which has been funded for over a decade did not receive any State funding this past year. This year, the General Assembly required RI Housing to fund NOP at \$1.5M. New projects may be limited to allow maintenance/continuation of older projects.

The Community Development Block Program (CDBG) also received a 16% - 18% reduction this year; which is equivalent to \$1M in funding (State program). Fortunately, we were able to recapture funds from a municipality.

The Home Program also received a 12% reduction. Susan Bodington added that the Senate recently recommended an additional 38% cut to the Home Program. She then said that the RI Housing Board passed its budget and was forced to make cuts to programs totaling \$2.5M.

Joanne McGunagle indicated that Community Source funding is also expected to reduce their budget by 50% and the Community Action funding was reduced by 10%.

Jeanne Cola noted that the point of this discussion is to ensure everyone is aware of the challenges and she would like to explore other opportunities that may be available. Jeanne indicated that the Interagency Council on the Homelessness will also be helpful.

Bob Vanderslice took a moment to explain how Providence is linking the DOH lead data to the New England Common Assessment Program (NECAP) scoring, other social health and education challenges. The data may provide compelling stories that will affect or change funding. Jim Reed suggested obtaining data from vulnerable areas. Jeanne added that this information can be linked to how effective housing can be in meeting needs. Jim Ryczek then suggested once the data is compiled, the Commission can provide the supporting documentation to the Governor's Administration with the intent to get homelessness funding within the budget. Susan Bodington suggested forming a subcommittee to gather data to initiate a bond for the Governor's office.

Homelessness

Mike explained from the HRC standpoint, the Office of Homelessness has a working group for the Emergency Shelter Task Force. The Task Force analyzes the shelters and projects the winter shelter need to ensure accommodations. Once the data is collected, the Office of Housing and Community Development (OHCD) transmits the information and recommendations to the Governor's office for consideration. Mike said that in the past, the OHCD allocated \$75K through the consolidated homeless fund to support the winter shelters. This year, funding allocation increased to over \$125K.

Susan Bodington, Chair of the Emergency Shelter Task Force, provided an update and said that as of September 15, 2011, the shelters are overflowing. Susan said that she believes that individuals that were receiving unemployment benefits have exceeded the allotted benefits and as a result, the number of people becoming homeless has increased. She said that the Diocese of Providence's annual shelter will be opening in October, 2011. Additionally, RI Housing and the OHCD have been working together on a plan to use RI Housing and State OHCD, Homelessness Prevention and Rapid Re-Housing Program (HPRP) resources jointly in attempts to reduce shelter numbers for families.

Jim Ryczek took a moment to remind the Commission that last year the Rhode Island Coalition for the Homeless announced to the general public that there was a homelessness crisis and as a result, donations totaling \$200K were received. He said that there will be a press event on October 5, 2011. This year Rhode Island Coalition for the Homeless will not collect the funds. He then made a suggestion to the Commission to coordinate a subcommittee to discuss strategic funding planning. Jeanne thanked Jim for his leadership as well as his agency for their efforts.

State Housing Strategy/Planning

As previously discussed, Mike asked the Commission if they had any suggestions if the funding failed to go through. Susan Bodington said that she believes that because there are so many housing issues, she suggested that all of the housing industry be present for the meetings. Kevin Flynn suggested that the Commission to immediately set up a subcommittee to discuss the issues at hand.

7. BHRI Presentation – *For discussion*

Jeanne introduced Carol Ventura, Dorothy Boisseau both from RI Housing and Ray Neirinckx from OHCD whom then gave a presentation (see attachment 1) and highlighted the following information:

Rental

- 21 communities statewide
- 1,002 affordable apartments rehabilitated and constructed

Program Status

Homeownership

- 20 developments completed
- 16 developments underway
- 11 developments in predevelopment

Rental

- 33 developments completed
- 22 developments underway

- 9 developments in predevelopment

Homeownership

- 21 communities statewide
- 253 affordable homes rehabilitated and newly constructed

Rental Investment

Municipality	Amount Investment	#Homes
Narragansett	\$100,000	2
Cumberland	\$130,000	2
Johnston	\$165,000	3
West Warwick	\$170,000	4
Warren	\$180,000	3
East Providence	\$252,954	6
Little Compton	\$270,000	6
Warwick	\$421,468	9
South Kingstown	\$446,000	16
Hopkinton	\$720,000	14
Central Falls	\$975,000	15

Municipality	Amount Investment	#Homes
Woonsocket	\$1,130,000	27
Burrillville	\$1,245,473	36
North		
Smithfield	\$1,876,529	65
Pawtucket	\$1,975,000	43
Newport	\$2,646,276	59
Barrington	\$2,650,000	50
Coventry	\$2,650,513	52
North		
Kingstown	\$3,300,000	66
Tiverton	\$5,150,000	106
Providence	\$13,545,787	416
TOTAL	\$40,000,000	1,002

Homeownership Investment

Municipality	Amount Investment	#Homes
Warwick	\$36,453	1
Little Compton	\$50,000	1
Central Falls	\$65,000	1
Cumberland	\$65,000	1
West Warwick	\$65,000	1
Woonsocket	\$65,000	1
Lincoln	\$100,000	2
Block Island	\$160,000	11
South Kingstown	\$171,000	14
Jamestown	\$195,000	3

Municipality	Amount Investment	#Homes
Hopkinton	\$262,918	6
Tiverton	\$265,000	5
Smithfield	\$325,000	5
Westerly	\$375,000	10
Charlestown	\$494,710	8
Pawtucket	\$558,570	19
Barrington	\$715,000	11
Bristol	\$779,720	19
West Greenwich	\$936,160	50
Exeter	\$1,338,000	27
Providence	\$2,777,469	57
TOTAL	\$9,800,000	253

Jeanne took a moment to thank Carol and RI Housing for their contributions and then introduced the next item on the agenda.

8. Announcements

There were none.

9. Public Comment Period

Eric Hirsch, Professor from Providence College, took a moment to thank everyone for acknowledging the homeless crisis. He then asked the Commission to promptly act on raising funds to address the winter shelter issue.

Barbara Kalil representing Rhode Island Homeless Advocacy Project (RIHAP) stressed the need to raise funding quickly for the homeless.

Nellie Gorbea representing HousingWorks RI took a moment to point out that Fact Books were released and encouraged everyone to take one after the meeting.

Jim Ryczek representing RI Coalition for the Homeless indicated that disturbing feedback was received from the General Assembly regarding affordable housing and the effectiveness of NOP/BHRI funding. Jim encouraged everyone to contact your state senators and representatives to advocate the need for these programs and insist that they understand the facts before decisions are made.

10. Adjourn

As there were no further comments, the meeting adjourned at 10:33 a.m.